



November 20, 2018

Item No. 15

AUTHORIZATION TO 1) COMMIT CHICAGO HOUSING AUTHORITY FUNDS NOT TO EXCEED \$22,500,000 FOR REDEVELOPMENT AND REMEDIATION ACTIVITIES FOR PARKSIDE 4 PHASE 2; 2) SUBMIT A RENTAL ASSISTANCE DEMONSTRATION (RAD) FINANCING PLAN TO THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT AND ENTER INTO A RAD CONVERSION COMMITMENT; 3); EXECUTE RAD PROJECT BASED VOUCHER HOUSING ASSISTANCE PAYMENT CONTRACT(S) FOR UP TO 54 RAD UNITS AND EXECUTE SUCH OTHER DOCUMENTS AS MAY BE REQUIRED FOR THE FINANCING AND OPERATION OF PARKSIDE 4 PHASE 2; 4) LOAN APPROXIMATELY \$4,781,804 IN PROCEEDS FROM THE SALE OF THE ILLINOIS AFFORDABLE HOUSING TAX CREDITS (IAHTCs) TO THE DEVELOPMENT; 5) ENTER INTO A 99-YEAR GROUND LEASE FOR THE RENTAL PROPERTY WITH THE CABRINI GREEN LAC COMMUNITY DEVELOPMENT CORPORATION; 6) DEED THE PROPERTY PLANNED TO BE FOR-SALE TO PARKSIDE OLD TOWN II, LLC; AND 7) EXECUTE AND DELIVER SUCH OTHER DOCUMENTS AND PERFORM SUCH ACTIONS AS MAY BE NECESSARY OR APPROPRIATE TO IMPLEMENT THE FOREGOING

Address: Property bounded by Elm Street on the north, Cleveland Street on the east, Oak Street on the south, and Larrabee Street on the west.

Alderman: Walter Burnett Ward: 27

Presenter: Ann McKenzie, Chief Development Officer

Recommendation

It is recommended that the Board of Commissioners (BOC) of the Chicago Housing Authority (CHA) authorize the Chief Executive Officer or his designee to: 1) Commit Chicago Housing Authority funds not to exceed \$22,500,000 for the redevelopment and remediation activities for Parkside 4 Phase 2; 2) Submit a Rental Assistance Demonstration (RAD) Financing Plan to the United States Department of Housing and Urban Development (HUD) and enter into a RAD Conversion Commitment; 3) Execute RAD project based voucher (PBV) Housing Assistance Payment (HAP) Contract(s) for up to 54 RAD units and execute such other documents as may be required for the financing and operation of Parkside 4 Phase 2; 4) Loan approximately \$4,781,804 in proceeds from the sale of the Illinois Affordable Housing Tax Credits (IAHTCs) to the development; 5) Enter into a 99-year ground lease for the rental property with the Cabrini Green

LAC Community Development Corporation; 6) Deed the property planned to be for-sale to Parkside Old Town II, LLC; and 7) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

The requested action complies in all material respects with all applicable federal, state and local laws, and CHA board policies. Staff have completed all necessary due diligence to support the submission of this initiative.

Funding

The not-to-exceed total CHA funding of \$22,500,000 will provide funds for project redevelopment activities, including remediation. The total estimated project budget is \$60,919,075. CHA plans to provide funds in an amount not to exceed \$18,300,000 for the construction of the 54 CHA rental units and not to exceed \$4,200,000 for remediation of the rental and for-sale developments including contingency funds.

CHA will also provide a loan from the proceeds of the sale of IAHTCs to the rental phase of the project as a result of donating to the project, the value of the CHA land lease in order to generate IAHTCs.

Compliance

Subject to compliance with M/W/DBE & Section 3 Participation.

Background

Parkside 4 Phase 2 is the final phase of the Parkside of Old Town development. This phase is a 190-unit mixed-income development in the Near North area. This phase will complete the first stage of the redevelopment of Cabrini Green.

Parkside 4 Phase 2 is comprised of 134 rental units and 56 for-sale townhome units. The 134 rental units will consist of 54 units for CHA residents, 44 affordable units and 36 market rate units. The for-sale phase will consist of 56 townhome market rate units. The rental phase and for-sale phase will close simultaneously.

Proposed Unit configuration: 190 total units of which 134 are rental and 56 are for-sale

The 134-unit rental transaction will result in the following unit mix:

Bedroom	Public Housing	Affordable	Market	Total
Studio	0	10	11	21
1	1	22	11	34
2	0	3	8	11
3	41	9	6	56
4	12	0	0	12
Total	54	44	36	134

The 56 market rate for-sale units will all be three-bedroom.

The building types include a 7-story midrise (69 units), two 3-story walk-up buildings (9 and 24 units), and townhome (88) units. The seven-story midrise structure will have 48 parking spaces (both surface and garage). The two 3-story walk-up buildings will have 24 (surface) parking spaces and the townhomes will all have private dedicated parking space(s) (both surface and garage).

The 7-story midrise building is anticipated to be constructed of precast concrete panels with punched openings for windows. The 3-story walk-up buildings and townhome units are anticipated to be steel stud construction with brick or fiber-cement panel façades.

The buildings will provide much-needed CHA replacement housing units in a mixed-income setting.

Development Entities

Holsten Real Estate Development Corporation (60% ownership) and the Cabrini Green LAC Community Development Corporation (40% ownership) will form the Parkside Associates, LLC entity.

Rental Assistance Demonstration and Housing Assistance Payment Contract

The steps necessary for the RAD transaction include the following:

- Submit a RAD Financing Plan to HUD and enter into a RAD Conversion Commitment.
- Execute a PBV RAD HAP Contract for up to 54 RAD units in the Parkside 4 Phase 2.
- Residents will continue to pay 30% of their income towards rent.

Respectfully Submitted:

Ann C. McKenzie
Chief Development Officer

RESOLUTION NO. 2018-CHA-

WHEREAS, the Board of Commissioners of the Chicago Housing Authority has reviewed the Board Letter dated November 20, 2018 entitled "Authorization to: 1) Commit Chicago Housing Authority funds not to exceed \$22,500,000 for the redevelopment and remediation activities for Parkside 4 Phase 2; 2) Submit a Rental Assistance Demonstration (RAD) Financing Plan to the United States Department of Housing and Urban Development (HUD) and enter into a RAD Conversion Commitment; 3) Execute RAD project based voucher (PBV) Housing Assistance Payment (HAP) Contract(s) for up to 54 RAD units and execute such other documents as may be required for the financing and operation of Parkside 4 Phase 2; 4) Loan approximately \$4,781,804 in proceeds from the sale of the Illinois Housing Affordable Tax Credits (IAHTCs) to the development; 5) Enter into a 99-year ground lease for the rental property with the Cabrini Green LAC Community Development Corporation; 6) Deed the property planned to be for-sale to Parkside Old Town II, LLC; and 7) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing."

THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE CHICAGO HOUSING AUTHORITY:

THAT, the Board of Commissioners authorizes the Chief Executive Officer or his designee to: 1) Commit Chicago Housing Authority funds not to exceed \$22,500,000 for the redevelopment and remediation activities for Parkside 4 Phase 2; 2) Submit a Rental Assistance Demonstration (RAD) Financing Plan to the United States Department of Housing and Urban Development (HUD) and enter into a RAD Conversion Commitment; 3) Execute RAD project based voucher (PBV) Housing Assistance Payment (HAP) Contract(s) for up to 54 RAD units and execute such other documents as may be required for the financing and operation of Parkside 4 Phase 2; 4) Loan approximately \$4,781,804 in proceeds from the sale of the Illinois Affordable Housing Tax Credits (IAHTCs) to the development; 5) Enter into a 99-year ground lease for the rental property with the Cabrini Green LAC Community Development Corporation; 6) Deed the property planned to be for-sale to Parkside Old Town II, LLC; and 7) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

This award is subject to the Contractor's compliance with the CHA's MBE/WBE/DBE/Section 3 Hiring and Subcontracting and insurance requirements.

Eugene E. Jones, Jr.
Chief Executive Officer
Chicago Housing Authority